



Meeting Notice & Update on Cove Improvement District

Cove Improvement District All-day, Drop-in Workshop Please bring your specific property questions

Date: Wednesday, March 30th

Time: 10:00 a.m. to 8:00 p.m.

Location: 1st Floor Study Session Room
City Hall
68-700 Avenida Lalo Guerrero
Cathedral City

Dear Cathedral City Cove property owner:

On March 30th, City staff and the Cove project engineers will be available at an all-day workshop to answer your questions. You can drop-in to the workshop at any time between 10 a.m. and 8 p.m. to ask questions and find out more information regarding the Cove Improvement District and your assessment cost.

On March 14th, more than 700 people attended a community meeting outlining cost estimates for individual properties within the proposed Cove Improvement District.

The total cost of the Cove sewer and street improvements is estimated at \$38.7 million. In 2002 and 2003, the Cove was awarded \$5.3 million from a the voter-approved 2000 Water Bond (Proposition 13). This leaves \$33.4 million for property owners to finance with an anticipated interest rate of 6 percent over a 30-year period. There are approximately 1,500 properties within the District. Costs are spread among all 1,500 based upon the benefit that each property receives from the project. The City hired an experienced Design and Assessment Engineer to provide the benefit and cost estimates and benefit that were provided for the project at the March 14th meeting.

After the meeting, we received a number of similar questions from concerned property owners in the Cove. This letter is an attempt to summarize the questions and provide answers before the balloting period ends on June 8th.

Will more grant funds be awarded and will they lower everyone's assessments?

The City is continuing to apply for grants to lower assessment costs for the Cove property owners. We will be submitting an application for the Cove project in early June to the State Water Resources Control Board for the 2002 voter-approved Water Bond (Proposition 50). Additionally, Congresswoman Mary Bono has submitted a \$6 million request as part of the current federal appropriations process and the City has just submitted a request to Senator Dianne Feinstein for \$8 million in federal funding. None of these funding requests is yet approved, but we are hoping the Cove will be awarded more grant funds so that everyone's assessment can be lowered in the future.

Cost Estimates for the Cove Improvement District

State law requires that assessments levied pursuant to the 1913 and 1915 Bond Act be based on the benefit properties receive from the "Works of Improvement." Every parcel in the Cove Improvement District has been assessed based on the benefit received from the sewer and street project. The typical assessment of \$21,352 is for a single-family home with street frontage and one driveway, on a lot that cannot be subdivided. Some parcels have reduced assessments and some have higher assessments. The Assessment Engineer hired by the City provides analysis and assessment calculations based on the preliminary engineering plans for the project and standard formulas used in assessment districts throughout California.

Below is a chart explaining variations in the proposed assessments in the district.

Cove Improvement District

Assessment Type	Estimated Amount	Benefits
Typical Single-Family Home Lot	\$21,352	<ul style="list-style-type: none">• Sewer Lateral• Street Frontage• Curb and Gutter• One Driveway
Single Family Home Lot (Increased Assessment)	\$23,571 to \$25,790	Same as Typical Single Family Home Lot with 2 to 3 Driveways
Single Family Home Lot that is large enough to legally be subdivided into more than one lot (Increased Assessment) (Meets City's Zoning Code and Street Frontage Requirements--It may not be the desire of the current property owner to split the parcel; however, future owners would be allowed to do so.)	\$36,593	Same as Typical Single Family Home Lot factoring future allowable parcel split.
Single Family Home With existing Curb and Gutter (Reduced Assessment)	\$18,530 to \$21,100	Same as Typical Single Family Home Lot without Curb and Gutter These parcels will receive a credit for existing Curb and Gutter or for the cost of removing the Curb and Gutter if it is to be replaced.
Land-locked and Flag Lots (Reduced Assessment)	\$12,627 to \$16,556	Reduced assessment because of reduced street benefit and limited sewer connection capability with higher costs
Commercial Properties, Churches, Hotels and Apartments	Up to \$313,150	Assessments for these types of properties are based on proven formulas used
City-Owned and Redevelopment Agency owned properties	\$1.9 million in total	This is the amount of assessments that will be paid by the City and Redevelopment Agency for properties that they currently own

Below is a discussion of the types of assessments shown in the chart above.

1. **Driveways.** Assessments are increased if a property has more than one driveway (an example is a circular driveway). That parcel's assessment is higher because more construction is required to match up existing driveways with the curbing, street elevation and driveway pads. The cost for one driveway is included in the typical assessment of \$21,352. The cost of an extra driveway is approximately \$2,219; therefore, this type of property would have an assessment of \$23,571. Accordingly, if a property has three driveways, the total assessment would be \$25,790.
2. **Curb and Gutter.** Assessments are reduced on properties that do not need to have curb and gutter or driveways replaced. There are certain streets in the Cove that have enough existing barrier type curb and gutter at the correct street elevation for the project so that no removal is necessary. These properties are being assessed between \$18,530 and \$21,100, depending upon how much curb and gutter will remain in place.

The Assessment Engineer determines how property owners get credit if curbing will stay in place. If a property has no curb and gutter in place, no credit is given. Some curbs and gutters will stay and some will be removed.

During past meetings with the community, a variety of curb types for the Cove were discussed. The main concern was that the hillside character of the neighborhood be preserved, drainage be handled properly, and the cost be kept down as much as possible. The Cove Steering Committee recommended that a 6" wedge type curb (higher than a rolled curb or berm) be used to properly handle drainage and protect the new street and private properties.

The Cove Steering Committee also recommended that to keep costs down, existing standard barrier curbs should stay in place where they do not interfere with construction and where there is enough of this type of curb that makes sense to continue. The City held a series of four community meetings in February about engineering issues, including curbing, related to the project. Every property owner received information about this meeting. Concrete 'wedge' curbs were shown to the community as the preferred option with the caveat of keeping the existing barrier curbs in place wherever possible.

The estimated assessment cost that has been provided to you is based upon the engineering that has been done to date. If there is reason to revise an area's curbing in the final design stage, it will be done and a credit could be given if curbing work is not needed. During the final engineering stages, every detail of the project, street by street, is dealt with so final design plans can be ready for construction. It is not so simple at this point of just stating that you do not want curbs or you do not want to pay for curbs because they can affect street elevations and drainage issues.

3. **Single Family parcels that can be subdivided in future.** Assessments are increased if a parcel meets the City's Zoning Code and street frontage requirements for a legal subdivision. This may not be the desire of the current property; however, future owners or the current owner would be allowed to split

the parcel by law. Therefore, these types of parcels pay a higher assessment than a typical single family home parcel, as they receive more benefit than the typical parcel because they will have the ability hook up if the property is split. The assessment for these types of parcels that could be split into two parcels under the City's Zoning Code is estimated to be \$36,593.

4. **Flag and Land-locked Lots.** Assessments are reduced for Flag Lots (Lots that are situated in a 'flag formation' with a long driveway next to another property with no curb and gutter) and land-locked Lots. A front Lot can hookup where it is the most convenient and inexpensive. Flag lots and Land-locked Lots cannot.

Flag Lots are assessed \$16,556 based upon having limited street access and high costs associated with hooking up to a sewer lateral. A Flag Lot has only one very limited access point for hookup, which is at the narrow strip of land (the 'flag-pole' configured portion of the Lot) and often requires utility relocation.

Land-locked Lots are assessed less than Flag Lots at \$12,627 because they have even more difficulty hooking up to sewer and have no street frontage. Flag and land-locked parcels are still paying for streets and curbing in their assessments; however, since they receive less benefit from the street improvements, they receive a lower assessment. These lots also pay for the sewer; however, the added expense for the flag/land-locked type parcels will make the cost approximately the same as that of front Lots after sewer hook-up and the reduced street benefit is considered.

Although, everyone might not agree with this analysis, the Flag Lot and Land-locked Lot calculations used for the Cove Improvement District are based upon proven assessment engineering practices. Additional property owner costs for Flag/Land-locked parcels and the their reduced assessments will be the same as the assessment for the typical single-family home lot.

Why is the Cove Improvement District being proposed and why is the City moving with such urgency?

The Cove Improvement District is being proposed to meet the requirements of Assembly Bill 358, which was passed by the State in October 2001 in response to a Regional Water Quality Control Board (RWQCB) finding that the long-term use of septic tanks in the Cove contributes to the degradation of the area's underground drinking water supply. AB 358 sets a deadline of January 1, 2012 for the prohibition of septic tank use in the Cove.

The City is moving quickly with the formation of the Cove Improvement District so that matching funds will be available for the \$5.3 million State Grant Award for the Cove. The State has indicated that these funds could be forfeited if local matching funds are not available by March 2006.

What are the typical costs for each property owner?

At the March 14th meeting, the Assessment Engineer reported that the typical single-family home lot would be assessed \$21,352, which equates to an annual payment of \$1,710. (Please Note: The costs from March 14th are preliminary estimates and may be

slightly different from what is shown on your Ballot). If a property owner wants to include the \$3,750 Desert Water Agency (DWA)/ Coachella Valley Water District (CVWD) fee in the annual assessment, the typical annual property tax assessment will be \$2010. In order to hook up to the new sewer, property owners will be responsible for paying one-time hook up costs of approximately \$500 to \$1,500 to abandon the septic tank and an estimated \$2,000 to \$4,000 to hook up plumbing to sewer laterals, depending on front yard or rear yard locations.

Will the City provide assistance to help with the assessment on our property?

Yes, the City's Redevelopment Agency through the Housing Department has assistance programs available for sewer hookup costs and DWA/CVWD fees, in addition to paying annual assessment on a sliding scale for low-to-moderate income households. The limits to receive financial assistance are such that a one-person household can have up to \$46,750 per year income; a two-person household, up to \$53,450 per year income; and a four-person household, up to \$66,800 per year, etc. Seniors over 62-years of age may qualify for full waivers of their property tax and Cove Improvement District assessments. (The value of your home does not weigh in, as the intent of the program is to help those who are on a limited income stay within their budgeted expenses for housing costs, not to chip away at the home equity.)

In 2004, the Dream Homes and 35th Avenue neighborhoods approved assessment districts to pay for sewer and street improvements. These two assessment districts and the proposed Cove District, have costs that exceed the other assessment districts in the City. The Redevelopment Agency is planning to increase the program assistance limits to cover the needs of the Cove, as well as the Dream Homes and 35th Avenue neighborhoods. The program increase should occur this coming April.

The City's Housing program applications are available at City Hall or you can call (760) 770-0350 to request information and an application package.

Why does the project include both sewers and streets since AB 358 only mandates sewers, what is the rationale for including street reconstruction?

It is correct that AB 358 mandates sewers in the Cove. The reason why streets are being included is that the streets are very old and will not be able to sustain the type of construction needed to install the sewers without completely falling apart. *Simply paving over them will not be adequate.* The roads were built under County standards and in many places are now broken up. Many cuts will be 20 feet deep and the trench basically takes out the whole road. Once you put in the sewer laterals, you have more broken up areas.

The final recommendation of the engineers was that the sewer and water lines could not be protected in the Cove unless the streets were reconstructed. Therefore, street reconstruction is an integral part of the project. This issue was discussed in depth by the Cove Steering Committee and was also discussed at the engineering meetings held with the community in February at City Hall. The City and the project engineers realize that this is difficult for some property owners in the Cove to accept; however, no one is trying to drive the cost of the project up--if sewers could be installed without new streets to protect sewer and water lines and a drivable surface, there would be reason for the community to consider only sewers. This is not the case, and the project cannot be built to acceptable engineering standards without street reconstruction to protect the sewers.

**What if a legitimate mistake was made in calculating my property's assessment?
When and how will this be resolved?**

The assessment costs you have been given are "estimated costs." There is still time for the project engineers to correct any oversights or mistakes that might have been made during the preliminary engineering stage. If there is a legitimate issue that is resolved in the favor of a property owner, credit will be applied before the final assessment is sent to the County of Riverside Tax Assessor. In addition, during the final design stage, revisions might be done that generate savings to the project. All such savings will come back to the project, and final assessments will be based on a variety of factors, including cost savings, final design changes, grant funds awarded, etc.

How does the balloting for the Cove Improvement District work?

The balloting period will be from April 14th to June 8th. The balloting will end at the close of the public hearing scheduled for the City Council Meeting of June 8th at 6:30 p.m. at City Hall.

Returned ballots are grouped in two categories, "Those in Favor" and "Those not in Favor." The Cove Improvement District is approved if the total assessment voting "In Favor" is greater than the assessment voting "Not in Favor." If the District is approved, the first annual assessment will appear on your November 2005 Riverside County Property Tax Statement and construction of the project will begin late in 2005.

After receiving a Ballot for Cove Improvement District, where should it be sent?

All property owners in the Cove will receive a ballot. Please mark your ballot and either mail it back to the City in the return envelope or deliver it to the City Clerk at the City Hall, 68-700 Avenida Lalo Guerrero, Cathedral City.

How can I keep informed and up-to-date on this project?

Project updates are available on the City's Website, www.cathedralcity.gov by clicking on the Quick Link "Cove Improvement District." Here you will find maps, organizational charts and background information.

If you have need more information, the City COVE HELP LINE is accessible 24 hours a day. Just leave a message and a member of the project team will call you back in a timely manner.

The COVE HELP LINE Phone Number is (760) 250-8673

You are also welcome to contact the City's Engineering Department directly, by calling Donna Velotta, Engineering Secretary, at (760) 770-0349.

Hope to see you at the all-day workshop on March 30th.

Sincerely,

William O. Bayne, P.E.
City Engineer